

NEW HAMPSHIRE

# 1998 State Development Plan

Prepared for

Governor Jeanne Shaheen

by

The Office of State Planning,

All Executive Department Agencies

and

The Whittemore School of Business and Economics,

University of New Hampshire

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# 1998 State Development Plan

## **I. Introduction**

RSA 9-A requires that a "State Development Plan" be completed every two years. This statute, passed by the General Court in 1985, delegates responsibility to the Office of State Planning to "...assist the governor in preparing, publishing and revising the comprehensive development plan." The law states that the plan shall establish "...state policy on development related issues..." and "...in areas related to the orderly growth and development of the state."

The 1998 State Development Plan contains a summary analysis of current economic conditions in New Hampshire and a brief overview of economic development initiatives currently being undertaken by the State. This work is a cooperative venture between The Whittemore School of Business and Economics at the University of New Hampshire and various State agencies.

## **II. The New Hampshire Economy: Recent Trends and Future Prospects**

Over the past two decades there has been significant economic growth in New Hampshire. The state has outperformed the New England region and the nation during both the long-term period and the post-recession period (1992 to 1996) on most standard economic performance measures. The following section underscores and documents those achievements.

### **Economic Growth and Change**

As noted above, New Hampshire was both the leading economy in New England prior to the recession of the late 1980s, and has been the strongest economy in the Northeast coming out of that period. The following information details that

progress.

**Table 1: New Hampshire Annualized Growth Rates vs. New England and the US**

	1975 - 1996			1992 - 1996		
	NH	NE	US	NH	NE	US
Population	1.9%	0.5%	1.1%	1.1%	0.3%	1.0%
Personal Income per Capita	2.9%	2.7%	1.8%	1.6%	1.7%	1.5%
GSP/GDP	4.0%	2.1%	1.5%	4.3%	2.65	2.8%
Employment Total	4.5%	2.1%	2.7%	3.1%	1.8%	2.4%
Services	8.5%	5.7%	6.1%	4.3%	3.4%	3.6%
Trade	5.6%	2.2%	3.0%	3.5%	1.8%	2.5%
Manufacturing	1.3%	-0.8%	0.1%	1.9%	-1.0%	0.7%
FIRE	4.6%	2.7%	2.6%	1.0%	0.4%	2.4%

*GSP - Gross State Product; GDP - Gross Domestic Product*

*Source: US Dept. of Commerce, Economics and Statistics Administration, Bur. of Econ. Analysis*

New Hampshire's economy has changed since the mid-1970s. Per capita income has improved from being near the U.S. median to ranking 8<sup>th</sup> highest (see Table 2). The state also has a low poverty rate and low unemployment. For the last two years the state has had the lowest poverty rate in the nation. New Hampshire's 1997 unemployment rate was the 5<sup>th</sup> lowest in the nation at 2.9 percent, compared to 4.2 percent in the New England region and 5 percent nationally.

New Hampshire's economy is increasingly concentrated in the production of high value-added manufactured products and services, such as manufactured electronic components and computer software. In 1997 the state ranked 1<sup>st</sup> among the 50 states in the percentage of the workforce in high technology employment (American Electronics Association, 1997).

**Table 2: New Hampshire Rankings**

	NH	Rank in US
Population Growth Rate (96-97)	1.1%	16
Employment Growth (96-97)	1.7%	28
Unemployment Rate (97)	2.9%	5
Percent employment in 1997:		
Manufacturing	18.8%	11
Services	29.0%	16
Trade	26.5%	2
FIRE	4.9%	31
Income Gap (94-96 average)	8.1%	6
Average Annual Wages (96)	\$27,691	19
Average Hourly Wage of Production Workers (97)	\$12.70	31

Educational Attainment:		
Percent of Population 25+ who are High School graduates	86.8%	13
Percent of Population 25+ with a BA+ (96)	25.8%	6
Per Capita Personal Income (96)	\$26,615	8
Poverty Rate (96)	5.9%	1

**Note:** All rankings show position #1 as the leading/most preferred position.

*Source:*

*Population, employment, per capita income: Bureau of Econ. Analysis, Regional Economic Information System.*

*Educational attainment, poverty rate: US Bureau of the Census.*

*Income Gap (ratio of average income in top quintile to average income in bottom quintile), Center for Policy and Budget Priorities.*

The state's economy relies on well-educated, highly skilled and hard working business owners and employees. Over the past two decades, the state's high quality of life (the key aspects of which include low poverty and crime rates, access to cultural and recreational amenities, and physical beauty/clean environment), the "NH tax advantage" (New Hampshire is the only state without a broad-based sales or personal income tax), proximity to the Boston area, and relatively low real estate and living costs compared to Boston and its immediate suburbs, have served as strong "magnets" to attract entrepreneurs, businesses, and skilled workers and their families to the state.

### **Population Growth, High Educational Attainment and In-Migration**

New Hampshire has close to 1.2 million residents. Since 1975 the population has grown at an average rate of 1.9 percent per year, well above the New England rate of .5 percent and national average of 1.1 percent. In the most recent 1996-97 post-recession time period, the state's population grew at an annual rate of 1.1 percent, compared to .3 percent regionally and the nation's 1 percent average.

The state's residents are well educated. New Hampshire ranks 13<sup>th</sup> nationally in the percent of population with a high school degree. Over 86 percent of the state's residents aged twenty-five and over have a high school degree compared to 82 percent nationally. Even more noteworthy, the state ranks 6<sup>th</sup> among the 50 states in the percentage of population with a college degree. Data for the state as a whole indicates that nearly 26 percent of the state's adult residents have a college degree compared to 24 percent nationally.

During the post-recession period New Hampshire's rate of net in-migration has been unique among the New England states. Many of the recent migrants are well educated and contribute immediately to the economy. Data from the latest decennial census document that recent migrants into the state are 2.5 times more likely than native New Hampshire residents to have at least a college degree (36 percent compared to 15 percent).

### **Employment Composition and Recent Trends**

New Hampshire has a strong and diversified economy that is highly dependent on the skills of the work force and the performance of private companies. There are just under 36,000 business establishments in the state with employees (SBA, 1996). Compared to national averages, New Hampshire has a higher concentration of employment in firms with fewer than 100 employees (58 percent to 55 percent, NH vs. US), and less employment in establishments with more than 500 employees (16 to 20 percent, NH vs. US).

In 1997 total state wage and salary employment was just under 570,000 persons, (see Table 3). Employment growth has been moderate: in 1997 the state ranked 28<sup>th</sup> in job growth. There are indications that current growth rates can be sustained absent a national recession and labor market constraints (see below).

New Hampshire's main employment sectors are services, trade, and manufacturing. The percentage employed in government is lower than the national average (13.9 compared to 16 percent), ranking 6<sup>th</sup> lowest among the 50 states in the percentage of the workforce in government. These figures illustrate New Hampshire's continued reliance on the private as opposed to public sector for employment and economic vitality.

**Table 3: New Hampshire Private Non-Farm Employment 1997**

	NH	Percent of total	NE	Percent of total	US	Percent of total
Services	164.8	29.0%	2,161.1	2.85	35.6	29.1%
Trade	148.4	26.1%	1,517.2	23.0%	28.8	23.5%
Manufacturing	106.9	18.8%	1,044.9	15.9%	18.5	15.1%
FIRE	29.3	5.2%	440.7	6.7%	7.1	5.8%
Totals	568.8		6,586.2		122.3	

*Note: Employment in Thousands for NH and NE and Millions for US*  
*Source: The New England Economic Project*

New Hampshire's employment in the service industry is just below the national average, at 29% as compared to the national average of 29.3 percent. In New Hampshire, as in the New England region as a whole and the rest of the nation, the service industry is the largest employer, followed by trade and manufacturing.

The state has a particular concentration in trade employment ranking 2<sup>nd</sup> (after Montana) in the percentage of the workforce in trade with 26.5 percent of employment in trade compared to 23.6 percent nationally. The concentration in trade employment is a product of the state's strength in retail trade and wholesale trade in durable goods. The former benefits from the absence of a broad-based sales tax, luring shoppers across state and national borders, and resulting in retail sales in the state twice the per capita national average. The latter benefits from the state's concentration in manufacturing and the production of high valued-added component parts.

New Hampshire has a strong manufacturing sector. The state ranks 11<sup>th</sup> among the 50 states in the percentage of total employment in manufacturing with 18.6 percent of total employment in manufacturing. New Hampshire leads the Northeast in the percent of the workforce in manufacturing. During the post-recession period the state has experienced growth in the manufacturing sector at nearly 2 percent per annum, compared to annual .9 percent decline in New England and just .4 percent growth per annum nation-wide. The state has also outperformed the region and the nation in employment growth in services and trade, but not as significantly as in the manufacturing sector, see Table 1. The strength of manufacturing in New Hampshire is significant because unlike retail trade, manufacturing jobs in the state pay above average wages (see further discussion below).

Employment in the finance, insurance and real estate industries (also known as the "FIRE" industries) has lagged behind the national average. During the post-recession period growth in FIRE industries employment in New Hampshire has been just 1 percent per annum, compared to the U.S. average of 2.4 percent. FIRE industries are a less significant employer in NH than in the region and the nation with only 4.9 percent of employment compared to 5.8 percent nationally. The state ranks 31<sup>st</sup> in the percentage of employment in FIRE industries. This low ranking reflects the substantial and still lingering effect of the banking and real estate crisis of the late 1980's. These are industries, as is discussed below, in which New Hampshire could improve (both in relative and absolute terms) in the future. For example, ensuring that firms in FIRE industries have timely and cost competitive access to advanced telecommunications could contribute to growth in this sector.

## **Leading Industries**

A multi-variable statistical ranking was developed to identify the industries which have contributed the most to the state's growth and prosperity during the post-recession period (i.e., the industries referred to as the state's "leading industries"). The ranking weighs five factors, both in terms of most current level and change over the time period, to calculate a statistical "score" for each 2-digit Standard Industry Code (SIC) industry in states.<sup>(1)</sup> The variables and weights used are: 1) employment concentration in the industry in New Hampshire relative to the nation (location quotient) - 35 percent; 2) employment - 30 percent; 3) average annual pay - 20 percent; 4) index of state industry wage to US industry wage - 10 percent, and 5) the number of establishments - 5 percent. For each variable equal weight is given to current variable level and percent change.

The location quotient (LQ) is the strongest single indicator of competitive advantage. It is defined as the percentage of total employment in the state within the industry divided by the percentage of total employment within the industry in the nation. Any LQ value above one indicates industry concentration in the state above the national average and suggests that the state has a competitive advantage (relative to other states) in that industry. The next strongest indicator is the level of employment. This is the best overall measure of the importance of that industry to the state's economy. The higher the employment level the greater the industry's contribution to the state's economy. The third leading industry indicator is average annual wage. It indicates the contribution of the industry to the income of resident workers and state per capita income. The average wage indicator is supplemented with the wage index. The index is suggestive of the positioning of the industry in the state. A wage index greater than one indicates that the industry in the state (relative to the industry nationally) is engaged in the production of relatively high value-added goods/services (i.e., high levels of output per worker) and employs workers of greater than average productivity, such that the industry in the state can support high wages. Finally, the number of establishments is indicative of the composition and potential future dynamics of the industry in the state. In general, the greater the number of establishments in the industry within the state the more competition there will be and the less dependence there will be on the actions and of any single firm in the industry. With more firms (and more competition) the incentives to innovate are higher, as are the opportunities to learn from other firms and incentives to engage in specialty production and service provision.

The top five ranked 2-digit SIC industries in New Hampshire (see Table 4 - Appendix for rankings and individual variables) are listed, first to fifth, *electronic components, health services, instruments and related products, wholesale trade in durable goods, and engineering and management services*. Two of the top five industries are in manufacturing, two are in services and one is in trade, indicating a diverse mix of leading industries. Among the top 12 industries, three are in manufacturing, four are in services, three in trade, one in construction and one in real estate.

All of the top ranking manufacturing industries are engaged in the production of high value-added durable goods and pay relatively well with an average payroll per employee above \$30,600 (in 1995 nominal dollars). The strength of the manufacturing sector in New Hampshire (growing at an average of 1.9 percent per annum 1992 to 1997 compared to a negative growth rate in the region and in four of the six New England states) is a product of the vitality of the three leading manufacturing industries in New Hampshire: electronics components, health services, and wholesale trade in durable goods.

The top ranking service industries are a diverse group. *Health services* ranks among the leading industries in New Hampshire, as in the nation, because of the large numbers of workers employed. Approximately one-seventh of national and New Hampshire employment is in health services. There appears to be nothing unique about the health services industry in New Hampshire as the relative concentration in health services in the state is just a little below the national average and the average payroll per worker almost exactly matches the national average. *Business services* is a large category that includes a mix of industries such as temporary personnel services, security and cleaning services, and software. Business services in New Hampshire are discussed in greater detail below.

Leading industry analysis of Massachusetts identifies that 8 of the 12 top ranked industries in Massachusetts are also in the New Hampshire top 12. This indicates the similarity and "connectedness" in the two states' economies. For example, some of the growth and development of high technology manufacturing and services industries in Massachusetts -- primarily out of the greater Boston/Cambridge area -- has made its way out along Route 128 into Nashua, NH and up I-95 from Boston to the Seacoast of New Hampshire.

Significantly, Massachusetts has three finance and insurance industries in the top 12, while New Hampshire has none. The most significant top ranked industries in Massachusetts but not in New Hampshire are *holding and other investment offices, security and commodity brokers* and *insurance carriers*. These are industries which may have future growth opportunity in New Hampshire.

The leading industries in New Hampshire can be further detailed down to a more detailed to the 4-digit SIC level using a variation of the original statistical ranking method described earlier. (Table 5 - Appendix) New Hampshire's superior economic performance and is consistent with the state's top ranking among the 50 states in the percentage of total private employment in high technology industries. All of the top ranked industries in New Hampshire pay well: 13 of the 15 have average annual payroll above \$35,000, and five have average payroll above \$46,000. Table 5 also documents New Hampshire's outstanding mix of high performing service and manufacturing industries -- nine of the top 12 are manufacturing industries and six are service industries. While classified in different broad categories, most of the top twelve 4-digit industries are related and mutually supportive. For example, electronic computer and printed circuit board manufacturing are linked with computer programming services and software, and engineering services with computer and printed circuit board manufacturing. Surveys of firms in the leading industries have revealed (NHIG, 1996) that many of the firms in the leading service and manufacturing industries function as suppliers to Original Equipment Manufacturers (OEMs) outside of the region and nation. Firms in the leading industries in New Hampshire frequently operate as "problem solvers", working with OEMs on product design and development and helping to transfer research to product development and commercialization.

Manufacturing in New Hampshire is not dependent on one or two leading 4-digit (or even 2-digit) industries. Three of the top ranked 4-digit manufacturing industries are in instrumentation and there are two each in industrial machinery, electronics and fabricated metals. Of the top ranked manufacturing industries three -- *electronic components nec*, *fabricated metals nec* and *industrial machinery nec* -- fall in the "not elsewhere classified" category. This is indicative that these firms are national (and international) leaders in meeting and defining new market opportunities and is consistent with the "problem solving" character of many of New Hampshire's leading manufacturing firms. Within services, three of the top ranked industries are in *business services* and three are in engineering and management. All of the leading business service industries in New Hampshire are engaged in computer-related services.

The leading industries are well represented among the state's top exporters, see (Table 6 - Appendix). The top (industrial machinery) and three of the next four top export industries (electronics, instruments and fabricated metals) in the state are in the leading industries. Nearly 65 percent of all exports out of the state are from firms in the leading industries. Yet, the figures in Table 6 do not fully reflect the importance of exporting to the New Hampshire economy or the role of firms in leading industries in exporting. The figures represent only direct exports and do not account for the significant in-direct exports from New Hampshire companies in the leading manufacturing industries to domestic manufacturers (OEMs) outside the state who then export their final products to foreign nations with significant New Hampshire content.

### **The Distribution of Benefits of Growth**

In New Hampshire, even with strong economic growth, an impressive group of leading industries and a low poverty rate, the national phenomenon of wages in lower skilled occupations not keeping up with inflation during the late 1980s and early 1990s has contributed to a significant increase in the differences between high and low average income earners. This can be observed by ranking all New Hampshire families with children according to their income level, dividing them into five groups (or quintiles/fifths) of equal size, and calculating the average income of each quintile of families. Analysis of U.S. Census data by the Center for Policy and Budget Priorities shows that by the mid-1990s the richest 20 percent of families with children in New Hampshire had average incomes 8 times as high as the poorest 20 percent of families. This ratio -- and the level of income differential in the state -- is well below the national average of 12.7.

However, there is need for concern. Over the past two decades the average incomes of poor and middle-class families with children in New Hampshire decreased, while the average income of the richest fifth of families increased. Most recently (mid-1980s to mid-1990s) the gap between the top fifth and the bottom fifth of families increased faster in New Hampshire than in all but three states. The gap between the rich and the middle class increased faster than in all but 9 states.<sup>(2)</sup> It is important to understand that this data does not reflect the movement of families between quintiles -- e.g., a

young family moving up from the bottom to the middle to the top quintile, as wage earners gain experience and skills-- and thus can exaggerate long-term income differentials among households.

Policies to improve the prospects of those in the lower quintiles might include education and training, support of working households and access to critical economic infrastructure such as telecommunications. There are strong indicators that two of the main factors determining household economic status and prospects for upward mobility in the U.S. and also in New Hampshire are educational attainment and family status. Households with two highly educated income earners tend to do very well in New Hampshire (and elsewhere), those with a single parent with no education beyond high school tend not to do well.

## **Wages and Occupations**

The average worker in New Hampshire earned less than the US average in 1996. The average annual pay in the state was \$27,691 compared to national average of \$28,945. The US figure is skewed by high average earnings in four high cost northeast states --New York, Connecticut, New Jersey and Massachusetts. The "skewness" is reflected in the fact that even though the average earnings in New Hampshire is below the national average, the state ranked 19<sup>th</sup> highest among the 50 states in average earnings and significantly above our northern New England neighbors (Maine, \$23,850, Vermont, \$24,480).

Some of the recent wage trends in the state appear to be positive for the workforce. This reflects the general tightness in the labor market and the increasing skills of New Hampshire labor force. The average pay for New Hampshire workers rose 4 percent between 1995 and 1996, compared to the US growth rate of 3.9 percent (this ranked the state 16<sup>th</sup> in terms of increase in average pay). Three of the top five occupations (ranked by employment level) in the state pay median wages above \$16.00 an hour, (Table 7 - Appendix). Also three of the top six occupations ranked in terms of annual openings by NH Employment Security (NHES), (Table 8 - Appendix).

The highest paying occupations with significant numbers employed in New Hampshire include general managers, marketing supervisors and financial managers. Other high paying occupations with growing employment (according to the NHES) include computer engineers, systems analysts, dental hygienists, physical therapists, computer scientists and database administrators (see Table 8 - Appendix). All these occupations require advanced education and/or training. Manufacturing jobs in NH tend to pay well with average weekly earnings as of March 1998 of \$525 according to the NH DES. The highest paying manufacturing industry is instrumentation at just under \$18 per hour.

The retail sector, as discussed above, is a significant employer, but the industry tends to pay relatively low wages. Two of the top three occupations in the state -- salespersons and cashiers -- are in retail and both pay below \$6.50 an hour (see Table 7 - Appendix). Other low paying occupations with significant employment in New Hampshire include waiters/waitresses, stock clerks and fast food preparation and service workers. The low paying occupations expected to grow the most are home health aides and health service workers (see Table 8 - Appendix).

Within manufacturing there are significant differentials in earnings by occupation. General and sales managers earn significantly more than production workers do. Manufacturing production workers in the state earned on average \$12.70 an hour compared to the national average of \$13.48 in 1997. This again highlights the relationship between an individual's economic well being, education and training.

Many workers in lower paying occupations work multiple jobs. In New Hampshire 7.8 percent of employed residents hold more than one job. This is significantly higher than the national average of 6.2 percent. Nationally the tendency to work multiple jobs increases with education (similar data is not available for New Hampshire, however, a similar tendency is expected in the state). For example, more than 9 percent of workers with PhDs worked more than one job, while, those with only a high school diploma have the lowest rate of multiple job holding, 3.3 percent. In addition, almost a fifth of women and a third of men were self-employed in their second jobs. This suggests that multiple job holding is motivated both nationally and in New Hampshire not only by economic necessity, but also by the opportunity for economic success. It also suggests the importance of high quality and affordable support services such as day and after school child care and health insurance to enable New Hampshire residents to provide for their families and pursue

economic opportunity.

### **Internal Regional Economic Trends and Differences**

Counties in the southern tier of New Hampshire have experienced the greatest change and growth over the past quarter century. This is where firms in the leading industries are concentrated. Access to the Boston market and research universities, along with the high skill level of the work force, have been strong contributing factors to the success of many New Hampshire firms in the state's southeastern counties.

The two most southeastern counties -- Hillsborough and Rockingham -- have the strongest economies, (see Tables 9 and 10 -Appendix) ranking first among the ten counties in the state in population, population growth, per capita personal income, employment and employment growth. The economy in Belknap County also has been doing well, leading the state in growth in per capita personal income, 2<sup>nd</sup> in population growth and 3<sup>rd</sup> in employment growth.

In contrast, the less densely populated counties have lagged and continue to lag on most major economic indicators ( see Table 9 - Appendix). Coos County, the northern most and least populated county, has been the weakest economic performer, ranking last on all economic performance indicators. Carroll, Grafton and Sullivan counties have also not shared much in the state's economic growth and prosperity.

Leading industry analysis at the county level (see Table 11 - Appendix) documents the strong correlation between county economic position and the number of leading industries the county shares with the state. Hillsborough has the strongest county economy and has the most leading industries in common with the state, ten. In contrast, Coos County has only two leading industries in common with the state. The leading industries that Coos shares with the state -- health services and miscellaneous retail -- to a large degree just serve the local population and do not bring "additional" income and jobs into the county.

It might be beneficial if some of the leading industries in the state would locate on a broader, more geographically dispersed basis, with the addition of new firms and the expansion of existing firms. For example, instrumentation is a leading industry in only three counties, electronics in four, and business services in five. There could be potential to encourage (e.g., through outreach and packaging of economic development support services) the growth of these three leading industries into new geographic regions in the state.

### **Key Factors Affecting Future Growth**

New Hampshire appears to be on a positive economic trajectory and well positioned for the future. Yet, there are concerns and issues that must be addressed to ensure future prosperity and broad access to economic opportunity.

The leading industry analysis helps explain the strength of the New Hampshire economy and suggests the state's relatively strong positioning for future growth. However, the challenge will be to retain and leverage the state's current position. There is evidence that the state can no longer rely on some of the "traditional" factors (e.g., tax advantage and relatively low labor and real estate costs compared to Boston) to retain its competitive position. For example, with increased competition from Southern states (with significant public-private investment in education and training and infrastructure), New Hampshire will have to find new ways to upgrade its human and physical capital, including investment in advanced education and training, telecommunications and commercial air transportation, in order to effectively retain and attract high value-added industries in the state which can contribute to the high standard of living and quality of life.

There is also a need to address regional economic differentials and to ensure that more of the state's residents have the opportunity to advance economically. This will not be easy, especially in the short-term. Over time education and advanced telecommunications might help attract more establishments and employment in the state's leading industries to locate in the counties that have not prospered. Also there may be mutual benefit (private and public) from firms in the leading industries in the southern tier of the state working more closely -- e.g., as customers -- with firms located in the slower growing counties and expanding their operations geographically within the state.



Finally, the low unemployment rate in the state is positive for workers seeking employment and higher wages. However, the low unemployment may also make New Hampshire less attractive for start-up, expanding and relocating companies unless the state continues to attract skilled migrants and residents, and businesses and workers in the state continue to upgrade their capabilities/skills and productivity.

All of these issues -- sustaining the vitality and competitiveness of firms in the state's leading industries, access to economic opportunity, and overcoming potential labor market "bottlenecks" -- highlight how future economic performance depends on New Hampshire's ability to: (1) maintain and enhance its quality of life; (2) educate and continuously upgrade the skills of its citizens and workforce; and (3) ensure that existing and new businesses have access to high quality and cost competitive basic and advanced business services.

#### Endnotes:

1 The U.S. government describes industries at various levels of detail. The most aggregate level includes the broad categories (e.g., services, trade and manufacturing) discussed above. The "2-digit" level is more detailed and the "4-digit" level (presented below) is even more detailed). For example, the 4-digit industry prepackaged software (SIC 7372) is in the 2-digit business services (SIC 73) category and broader single-digit services sector (7).

2 The average income (in real terms) of the poorest fifth of families decreased by about \$5,110 between the mid-1980s and the mid-1990s, from \$19,412 to \$14,300. The average income of the middle fifth of families decreased by \$4,060 between the mid-1980s and the mid-1990s, from \$50,580 to \$46,520. The average income of the richest fifth of families increased by \$13,260, between the mid-1980s and the mid-1990s, from \$102,760 to \$116,020.

### III. New Hampshire State Initiatives

This section describes some of the State of New Hampshire initiatives currently underway to address the economic development issues identified above.

#### **Business Financing and Capital**

Businesses need access to financing in order to thrive in New Hampshire. The State recognizes that this is primarily a private sector function, yet it seeks to help those worthy firms and projects that meet community objectives, but which are not yet fully bankable in the private sector. The New Hampshire Business Finance Authority (BFA) is the State's primary vehicle for offering financial incentives to business. The Authority offers the following programs:

Capital Access Program - Loans of between \$5,000 and \$100,000 for any legitimate business purposes to businesses, start-ups or expansions.

Guarantee Asset Program - BFA guarantees 90 percent of loans to capital intensive businesses, having at least 25 employees. Up to 40 percent of the loan can be used for working capital.

Industrial Development Revenue Bond Financing - A manufacturing business, eligible for tax exempt financing may apply for capital investment funds. Terms are negotiable with the bondholder(s), with loans limited to \$10 million per project.

Guarantee of Loans to Small Business Program - Funds are available for working capital, real estate, equipment and business expansions through Small Business Administration/BFA guarantee, up to 90% of total project costs, not to exceed \$1.5 million. Terms are negotiable with the participating bank.

Working Capital Line of Credit Program - BFA helps companies obtain working capital by providing a guarantee of up to 75 percent of a line of credit, not to exceed \$2 million.

Additionally the New Hampshire Office of State Planning administers the federally funded

**Community Development Block Grant Program.** Economic development activities must create or retain one job for every \$10,000 of CDBG funds. Sixty percent of the jobs created must be filled by low and moderate income people. Municipalities can apply year-round for Economic Development grant funds to loan to businesses for training, real estate acquisition, construction, machinery and equipment, and working capital. Terms are based on need and effect on return, as well as benefit to low and moderate income people. Grant funds can also be used to construct infrastructure in support of business expansions or start-ups.

### **Regional Development Corporations**

There has been recently established a network of fifteen Regional Development Corporations which complement the statewide economic development efforts in creating vitality and maintaining stability for communities and businesses within their specific geographic area. The Regional Development Corporations are not-for-profit organizations strategically located around the state. They have generally been chartered with the goal of providing technical and financial assistance in support of economic development projects that create and preserve employment opportunities for a low and moderate income client base.

Through the use of Community Development Block Grant funds, the bulk of the Regional Development Corporations are in the process of establishing revolving loan funds to supplement other sources of capital for worthy projects. In concert with the other statewide initiatives, these can have a positive impact on the overall state economic business climate.

For economic development projects with issues requiring technical or financial assistance (such as expansion-development, purchase-lease of equipment, inventory-product line growth and/or the need for additional working capital) the Regional Development Corporations represent a one stop resource option to both the business and the community.

### **Long Range Economic Planning**

Governor Shaheen has expressed concern that the State take advantage of the current strong economy to undertake whatever actions may be necessary to strengthen and sustain the present situation for as long as possible. In June of 1997 she announced a new cooperative, initiative involving state agencies, the University of New Hampshire, and the private sector (including the Business and Industry Association of New Hampshire) to do just that.

Working in cooperation with the Governor's Office, the Whittemore School of Business and Economics at the University will undertake an even more detailed analysis of the New Hampshire economy than is included in this current report. Moving forward from there, the Whittemore School will further analyze the State's economy, looking at the material on a sub-regional basis as well as on the State level as a whole. The intent of this effort will be to produce a separate and specific development strategy for each part of the State, a strategy which accommodates the individual strengths and weaknesses of each region.

This analysis will be coupled with discussion by public/private Task Forces looking at both strengths in the New Hampshire system of government, with respect to business and economic development, and areas where opportunities for improvement exist. Of particular concern will be business support services, and education and training services. Coupled with that will be a discussion about how government policies impact business practices, and a discussion about how the quality of life which is such a key state asset can be sustained while the state continues to grow and develop. The results of this analysis will be used to re-direct State policies and actions wherever necessary.

### **Attracting Business, International Trade, and Tourism**

With limited financial resources for business recruitment, it is key that the State target its efforts to industries that are a likely fit with the people, climate and other resources that New Hampshire has to offer. Current efforts to attract firms are targeted to critical computer peripherals/high technology equipment, advanced materials (ceramics and metals), biotechnology, measuring and control instruments, and environmental technology. In addition to targeting businesses by type, there needs to be geographic targeting as well. Ongoing efforts to strengthen New Hampshire's connections with Canada, England, Ireland, and Northern Ireland are being actively pursued.

## Business Outreach

As will be noted throughout this report, there are a variety of state agencies whose activities bring them in daily contact with businesses, their employees, and their customers. The lead agency with responsibility for business development is the Department of Resources and Economic Development (DRED). Special projects currently being undertaken by DRED in addition to their ongoing activities include the following:

### Forbes Project

A special edition of *Forbes* magazine to be released in the fall of 1998 will focus on New Hampshire companies, their CEOs, and the overall New Hampshire business climate.

### Forest Industry Task Force

In 1997 Governor Shaheen and DRED established the Forest Industry Task Force, to promote the forest industry in recognition of its major contribution to New Hampshire's economy. The Task Force focused its attention on three goals:

- To promote and expand New Hampshire's wood utilizing companies, which add significant value to the forest resource, with emphasis on helping current manufacturing operations.
- To develop new markets for underutilized species and lower grades of timber to replace the markets lost by the downsizing of wood fired electrical generating power plants.
- To improve education and job training for forest industry workers.

The Task Force surveyed 173 primary and secondary forest products companies to gather information on issues, expansion opportunities and educational needs. Training of DRED's Office of Business and Industrial Development (OBID.) staff was carried out on the unique needs of the forest products industry. OBID conducted in-depth, follow-up interviews with responding companies interested in expansion. Other measures have also been undertaken to address key issues and needs of the forest industry. The final report will be released by the Governor in the coming months.

### Ice Storm Damage Response

Significant damage to trees, utility poles and lines as well as one death and personal injury to several people resulted from the ice storm of January 7-8, 1998. The storm affected nine counties and 52 communities. Upon Governor Shaheen's request, federal disaster assistance is being provided to the State.

Some of the actions that have been taken to respond to the ice storm damage are:

- Establishment of an ice storm response center at UNH with an 800 number to provide assistance and information to communities, businesses and individuals.
- Provision of technical assistance to communities for forest fire safety preparedness, training and equipment
- Provision of grants to communities for tree clearing along roads and in town centers.
- Mapping of forest cover types, using satellite imagery and aerial photography, to assess pre- and post-storm forest conditions to aid the targeting of assistance.

It is felt that these activities will better prepare New Hampshire and its woodlands for any future ice storm damage similar to that experienced in 1998.

### New Hampshire Stories, Inc.

New Hampshire has never had a sustained program of promotion and sales of locally produced specialty goods, services, or other products which in some way reflect the tradition of New Hampshire craftsmen and craftsmanship. Not that there

isn't significant value in these homegrown products. Without any ongoing promotion, there is still significant demand for and appreciation of these materials.

Nevertheless, when looking at sales volumes in comparable states, New Hampshire's lag behind. Estimates for New Hampshire place the annual sales of these goods at \$450 million. With comparable populations and tourism levels, Vermont and Maine experience sales closer to \$700 million annually.

One of the clear differences between these states and New Hampshire is that Maine and Vermont have a large state promotional budget for this effort. Recognizing that was an unlikely model for New Hampshire, a number of state agencies, including DRED, have been working with private entrepreneurs, the Business and Industry Association of NH, and others to develop an entrepreneur-based, cooperative marketing program for New Hampshire made products. Launched by Governor Shaheen in 1997, the campaign has now enrolled 170 member companies, and appears well on its way to boosting local product sales significantly.

### International Trade and Trade Missions

Through out the last two years, New Hampshire's international trade program has grown steadily under DRED's Office of International Commerce and through the establishment of a formal program to assist businesses in reaching to markets outside of the United States.

### International Trade Resource Center.

Located at Pease International Tradeport, the International Trade Resource Center (ITRC) is a one-stop location for NH businesses seeking assistance in the export of products or services. The ITRC houses the Office of International Commerce, the U.S. Department of Commerce, the U.S. Export-Import Bank, the Small Business Development Center, and the New Hampshire International Trade Association. It pools State, federal, and private sector resources in the area of international trade to provide: information, education and training, export finance, marketing and promotional assistance, market and industry research, documentation, licensing and logistical assistance, networking, and an international business library. The ITRC has now been in operation for over three years.

During the upcoming biennium, the services of the ITRC will continue. New services include expanded export finance and credit risk options, detailed technical and export administrative information and services, and local exporter to exporter networking events. In addition, industry-specific assistance will focus on market research and marketing with the goal of facilitating the formation of export consortia and collaborative export-oriented networks. The long-term goal is to provide the opportunity for NH businesses to pool their resources in the areas of marketing, production, support services and cooperation on large projects to increase foreign market penetration. This effort will also create opportunities for sub-contractors and service providers who are not directly interested in foreign markets, but who would benefit from the activities of other companies.

The ITRC has worked closely with companies in the service sector, to assist in the development of a stronger base of export-related services. As the market grows, so does the demand for certain services (i.e. credit and political risk insurance, export working capital finance, logistical assistance, and market development). As a result, it is anticipated that these services may ultimately be provided exclusively by the private sector.

### Trade Missions

Governor Shaheen has been an active proponent of the value of foreign trade missions to promote New Hampshire made products and services, and to invite investment and tourism into New Hampshire. She has personally led missions to England, Ireland, and Northern Ireland.. Under her leadership visits by business and government leaders have returned to these countries. Other trips have gone to Canada and Australia. Governor Shaheen has also personally hosted visiting missions from England and Germany. Future exchanges with all of these areas are currently being planned. The business results to date have been extremely positive.

## Tourism

Tourism in New Hampshire is a major contributor to economic development, affecting every community and providing thousands of jobs and a major source of revenue. The state's lakes and streams, mountains, seashore, rolling countryside and forests provide countless opportunities for rest and relaxation as well as challenging outdoor recreation, camping, fishing and hunting. Historical sites provide visitors with educational and cultural experiences and miles of trails provide a wide range of biking, hiking, skiing and snowmobiling choices. According to our visitors, the primary reasons for visiting New Hampshire continue to be (1) to visit friends/relatives; (2) to engage in outdoor recreation; and (3) to shop in our tax-free environment. Governor Shaheen has actively supported these efforts personally with the following initiatives:

### Governor's Task Force on Travel and Tourism

In January 1998 the Governor's Task Force on Travel and Tourism issued short-term recommendations and called on the State and industry to work together on a long-term plan for increasing travel and tourism business in New Hampshire. Governor Shaheen asked the Task Force to organize a Travel and Tourism Summit to bring together people with an interest in the industry in order to develop a statewide strategy.

The task force emphasized the need for a long-term strategy and coordinated approach to growing travel and tourism. Its long-term goals included: conducting formal research on New Hampshire as a tourist destination; improving the distribution of travel information; coordinating State activities in areas such as economic development, research, promotions and park management; enhancing access to financial resources for tourism businesses; expanding international tourism; and working with schools to help develop a well educated work force for the travel and tourism industry.

The task force report also outlined specific areas in which the State can help improve the climate for tourism in the short term, including:

- developing a distinctive highway signage program;
- improving services at Welcome and Information Centers;
- making Industrial Bond Financing more readily available to the tourism industry;
- attracting more visitors from the United Kingdom and Western Europe;
- establishing an advisory group to develop ideas for attracting more conventions;
- developing partnerships between the industry and education community;
- providing business assistance to tourism businesses through the Dept. of Resources and Economic Development;
- holding a summit to "identify the common ground of the travel and tourism industry upon which bold actions can be taken to move us to the full economic benefits and resulting quality of life for our citizenry."

### Tourism Promotional Budget

In the State budget for the FY 1998/99 biennium, Governor Shaheen sought, and was able to get approval for, an additional \$2 million to be invested in marketing the state as a tourist destination nationally and internationally. This investment has allowed for increased advertising, promotional programs and direct marketing in the U.S. and abroad. During the Governor's Trade Mission to the United Kingdom and Ireland last fall, the Governor invited tour operators and travel journalists to come see New Hampshire for themselves. Governor Shaheen hosted a group from the U.K. and Germany who spent time in the spring of 1998 touring the state.

### Travel and Tourism Summit

In May 1998, Governor Shaheen convened the first tourism summit in over 10 years held to develop a long-term strategy for the state's travel and tourism industry while preserving the quality of life for residents. Representatives from travel-

related businesses, cultural attractions, educational institutions, community organizations and government gathered for the three-day summit. The Tourism Summit resulted from a recommendation by the Governor's Task Force on Travel and Tourism.

### Tourism Conference

Governor Shaheen again hosted the Annual Governor's Conference on Tourism, with was attended by some 300 people. At this event she first revealed the major recommendations from the Tourism Summit, and indicated her commitment to work towards implementation. For her efforts to date, Governor Shaheen was awarded the 1998 Travel Person of the Year award by the New Hampshire Travel and Tourism Council.

### **Labor Force Development**

The New Hampshire economy is expected to grow slightly faster than the national economy in the foreseeable future. This will challenge the State to provide convenient, timely, and complete jobs-related information to businesses and workers in New Hampshire, in order to promote the efficient operation of labor markets. The challenge will be met through improved resource and information delivery, a welfare-to-work program, and other technological innovations, including the following:

### NH WORKS

New Hampshire Employment Security's Economic and Labor Market Information Bureau (ELMI), through the America's Labor Market Information System (ALMIS) initiative, will provide high quality, user friendly labor market information to businesses, job seekers, decision makers, and others. A new system, called NH WORKS/NH Network/LMI Access, will be a significant tool for job seekers who need information about employment trends, wage rates, and education and training needs and opportunities in the state and sub-state areas. Additional data about population, income, unemployment rates, commuting patterns, and a host of other types of information will be useful to businesses and economic developers. This system will be available in various resource centers, and it will be available on the Internet during this biennium. ELMI will also continue to cooperate with DRED's Office of Business and Industrial Development in promoting state economic development, by preparing and presenting information about our business climate to prospective employers.

### One-Stop Career Center System

With funding support from the U.S. Department of Labor, this project is organizing the existing array of employment and training programs into a more coordinated and efficient information and service delivery system. New Hampshire Employment Security has worked in close partnership with the New Hampshire Job Training Council (NHJTC), the New Hampshire Department of Health and Human Services, the New Hampshire Community Technical College System, and the Division of Vocational Rehabilitation. To leverage all available resources within the state, New Hampshire's one-stop centers will link with School-to-Work and Welfare Reform initiatives at the State and local level.

### Work for Benefits

The New Hampshire Employment Program (NHEP) helps families with children become financially independent by finding and keeping work, by assisting able-bodied parents to take action to remove barriers to working, to look for and keep a job, or to work in exchange for benefits. The goal is for participants to conduct an aggressive job search leading to unsubsidized employment. Those participants who do not obtain work in the first 26 weeks of intensive job search are required to enter the Work for Benefits (WFB) program, implemented in October 1997. The WFB program may include an On-the-Job Training placement, other subsidized employment, or an Alternative Work Experience Program (AWEP), besides looking for full time, unsubsidized employment. This program is a collaborative effort of New Hampshire Employment Security, the New Hampshire Job Training Council, and the New Hampshire Department of Health and Human Services.

New Hampshire Employment Security's Unemployment Compensation Bureau is using new technology and processes to

improve service to workers who become unemployed. The Bureau has centralized all unemployment insurance claims activities and plans to develop a Remote Initial Claim Process system to enable unemployed individuals to file claims for benefits by phone and eventually via the Internet.

## **Education and Training**

Governor Shaheen has made educational improvements a keystone of her administration. The Department of Education (DOE) continues to make statewide educational improvement its top priority. The major vehicles for this work are:

### **The NH Educational Improvement and Assessment Program (NHEIAP)**

Enacted in 1993 NHEIAP calls for the establishment of educational standards specifying what students should know and be able to do and enables parents, teachers, business people and civic leaders to participate in the establishment of state curriculum frameworks. New Hampshire teachers and college professors have collaborated in the development of assessment instruments based on NHEIAP curriculum frameworks, by which New Hampshire schools have been measuring student performance since 1994.

### **Local Education Improvement Plans**

DOE assists schools with the development of local education improvement plans designed to improve student learning at the local level. Toward this end, DOE helps districts align their curricula to meet NHEIAP curriculum frameworks. Additionally, the Department encourages the use of Consolidated Applications for federal funds, whereby districts coordinate school improvement activities funded under the federal Elementary and Secondary Education Act with other federally funded activities like School-to-Work, Vocational Education, and Special Education

### **School-to-Work**

DOE continues to provide technical assistance to educators, business leaders, and community members who are involved in School-to-Work initiatives. Such initiatives involve the development of real-world learning experiences designed to better prepare students to make informed education and career decisions. School-to-Work brings business people and other community members into the classroom and transforms the community and workplace into a learning lab for both students and educators. These programs are designed and directed locally with technical support from a state leadership team and five regional leadership teams. The US Departments of Education and Labor have provided five years of start-up funds for such initiatives.

### **Early Childhood Education**

DOE will continue its commitment to providing technical assistance in early childhood intervention programs. It will also continue to support intervention for first grade students having particular difficulty in reading. Research shows that addressing the needs of children in their early years decreases the likelihood of academic difficulties and drop-outs in later years.

In 1997, Governor Shaheen enacted the Kindergarten Incentive Program. The program provides State assistance both to districts which presently operate kindergartens, to ensure the continuation of these programs, and to districts that do not provide public kindergarten, to encourage the development of such programs. As a result, more districts than in any other year prior to the establishment of the incentive program, have implemented new kindergarten programs, have expanded or upgraded existing programs, or have voted to implement new programs in the upcoming school year--24 districts altogether. In addition, twenty-five districts are studying the possibility of establishing public kindergarten programs. Only 9 districts have shown no indication of activity on the issue of public kindergarten since the enactment of the incentive program.

Studies show that kindergarten provides children with educational and social advantages during later schooling. Some of these advantages include:

- higher completion rates for high school students
- better performance on achievement tests
- better behavior in classrooms
- more interest and curiosity
- greater value placed on learning
- higher occupational aspirations and expectations
- fewer placements in special education classes and in institutional care
- fewer arrests
- increased employment prospects

The Governor Shaheen and DOE will continue to assist districts as they strive to provide safe learning environments for students.

### Technology in Education

DOE has established the Educational Technology Council composed of educators, business leaders, and other private citizens. The council advises DOE on issues regarding educational technology. Currently, the group is developing the Statewide Educational Technology Plan, which is intended to map out the State's role in encouraging the use of educational technology as a means to improve student learning in school districts throughout New Hampshire.

Governor Shaheen implemented the Computers in the Schools program, which brings free, classroom-ready computer technology to New Hampshire's neediest schools. Under this program, businesses, state and federal agencies, and private individuals donate surplus computers in need of upgrades. Inmates in the Department of Correction's Prison Industries rehabilitation program upgrade the computers to Pentium-class machines. The computers are then delivered to the schools that need them most. This program could potentially deliver more than 300 computers a year to New Hampshire classrooms.

The WINGS Project was implemented during the current biennium. WINGS stands for "Wide Area Integrated Networking for the Granite State." The project was established to encourage the development of an integrated technological infrastructure that has the capacity to serve schools and the community, both public and private endeavors. WINGS is currently administering a 5-million-dollar Bell-Atlantic/Cabletron initiative called Education Connections. This program will provide Internet access to every school and library in the state that chooses to participate.

Finally, in 1997, the Distance Learning Commission was established to encourage the development of distance learning activities around the state that are designed to make educational opportunities and training more accessible and affordable to more New Hampshire citizens.

### Strengthening Technological Capacity of the Labor Force

The State needs to ensure continually that the skills of our labor force are aligned with the needs of industries in New Hampshire. Strengthening the technical college system, the work of the Private Industry Council, and the full utilization of the Job Training Partnership Act, have been key components in developing the training that is necessary. These programs must be focused on retraining workers because the skills that the marketplace demand often exceed the capabilities of the current workforce.



Education in this country is in a period of transition. Traditionally we have educated our younger citizens in a formal classroom setting. After completing high school or college, many were unlikely to return to a formal training or educational environment again. This process has changed. Education is becoming a lifelong process, with the job market demands current skills of those in the labor force.

Increasingly, education is seen as an integral part of community life, not simply an adjunct to it for the community's younger citizens. Evening and daytime courses for adults, and discussions of shared facilities - libraries and gymnasiums - serving the entire community all help to bring the educational system more into the mainstream of community life. Programs that link school and work-based education to create and maintain learning opportunities prepare all individuals to meet challenges of a dynamic workplace.

The Community-Technical Colleges and Institute System will maintain its position as a prime contributor to work force development, especially through the emphasis on school-to-work transitions. Linkages among secondary, two-year Post-secondary and four-year educational institutions will be increased and broadened to better meet the demands of learners and employers in a world of changing technologies. The Community-technical college system embodies five essential elements: primary focus on occupational and technical programs, creating more access and student success, diversify and create learning environments, provide for the ability for graduates to continue their education, and focus on supporting economic development and incumbent worker training.

Programs focusing on this interaction between the educational community, the business community, and the community-at-large are key to affording a strong base for the state's economic development planning. These efforts need to be continued and strengthened wherever practical. In particular, there is a need:

- To continue dialogue between the State, the Business and Industry Association's Education Committee, and the Governor's Task Force on Education Outcomes on general education needs in the labor force and in the community.
- To increase reliance at all levels on educational evaluation systems that are performance-based rather than time-based, coupled with a recognition that a student's initial educational experience should provide strong basic skills and that specific task training will likely come through a series of new educational efforts throughout his or her lifetime.
- To maximize the use of telecommunications; asynchronous learning; voice, video and data networks; and other emerging technologies and learning strategies to increase the efficiency and productivity of education.
- To increase support systems for displaced workers, including re-training and electronic job marketing through such programs as the State's NH WORKS job market bulletin board.
- To assist companies across the state in training or retraining their employees through such programs as the Training Challenge Grant program whereby the State will match up to 50 percent of the cost to a company for training its employees and the Training Loan Fund, providing low interest loans to business for training.
- To develop and expand reliance on the seven Technology Deployment Centers, the State's worker training programs based at each of the technical college sites, including the NHJT funded statewide manufacturing outreach centers.
- To continue and increase focus within the State's University System on its role as a community educator, both through the School for Life Long Learning and the other educational resources within the system.
- To continue the development of one stop training and support centers through NH Employment Security.

To achieve many of these ends, Governor Shaheen proposed, and recently signed into law a bill that will increase the NH Community Technical College System's ability to respond to the demands of New Hampshire businesses and private citizens. The bill strengthens the board that governs NHCTC by expanding the number of voting members and including

appointments from the business community, health and human services, vocational education and technology. In addition, it creates the Commission on the Status of Community Technical Education to explore the possibility of an orderly transition toward a more independent governance structure for the system.

### Governor's Education Summit

To foster a dialogue on a broad array of education and training issues, Governor Shaheen convened a statewide Education Summit in October 1997. The Summit brought New Hampshire's business and civic leaders, parents, clergy, and policy makers together with New Hampshire pre K-12 teachers, librarians, administrators, school board members, and college professors, to talk about the quality of education in New Hampshire and help identify priorities for moving our school improvement efforts ahead. More than 500 New Hampshire citizens attended. They identified four key areas of educational improvement, including:

- The need to recruit and cultivate well-qualified, well-trained classroom teachers;
- The need to integrate technology more fully into school curricula;
- The need to build on the best practices educators are currently employing in New Hampshire classrooms; and
- The need to involve the *whole* community in school improvement.

Building on these recommendations, the governor's office, in partnership with DOE, has begun work on a "Best Schools" initiative that includes five points of action:

- Improving teacher training and education to ensure that our children are taught by the most qualified, competent teachers in the classroom;
- Providing leadership development for principals and superintendents to equip them with the skills they need to become agents of change in their districts;
- Integrating technology into curricula to expand student learning and increase children's understanding of technology's uses and implications;
- Developing stronger connections between school curriculum and the real world to build a learning bridge between our schools and our communities;
- Providing technical assistance for schools that require additional support in order to build their capacity to improve student performance.

To begin to achieve these goals, in addition to the increases in funding that have been made available for school districts interested in expanding kindergarten education opportunities, Governor Shaheen increased state funds for education by 40% across the board during the 1997-98 biennium, developed a local education improvement fund and a reading recovery program, and fully funded the state's catastrophic aid program for special needs students. Finally, for families interested in college level education, Governor Shaheen worked to institute a College Tuition Savings Plan that allows for the establishment of tax deferred college tuition savings accounts.

### Teacher Performance and Accountability

In addition to providing additional resources for educational efforts across the state, Governor has challenged those involved with the education of all of our students to closely examine our existing educational programs to evaluate how they might be improved. Specifically, she has challenged The State Board of Education to undertake steps to institute higher standards for people entering the teaching profession. These include a new competency testing requirement that will go into effect in September and a new content testing requirement that will go into effect next July.

In addition, the State Board has undertaken a complete review of professional standards for the recertification of all educators, including teachers, instructional specialists, and administrators. By next school year, the State Board expects to have in place new rules that will increase both rigorousness and accountability in the recertification process.

## IV. Conclusions

New Hampshire is fortunate to have a very strong economy. That is a testament to many things: the skill of our workforce, the creative spirit of our entrepreneurial business owners, our state's responsiveness to business concerns, and a quality of life that makes New Hampshire an attractive location for new businesses and residents as well as long time natives. Clearly the strength of the national economy is a major contributing factor, but as is clearly shown in the early parts of this report, New Hampshire's economy is outperforming the national and regional economies in many, many critical areas.

As noted in previous sections, Governor Shaheen has initiated a long range economic planning program involving multiple partners from the public sector, from the private sector, and from the academic community. The final report is expected to offer specific recommendations for public policy to help ensure that the state's businesses and workforce are well positioned to meet the challenges of a changing economy.

This current report will form a base for that work. The modest concerns noted in the first section of this report with respect to opportunities to generate additional economic activity in the outlying regions of the state and the need to assure that, to the extent practical, economic benefits being experienced by the state as a whole are reaching as many individuals as possible will be components of that discussion. Additionally, exploring ways in which State policies might accelerate the development of the telecommunications infrastructure and other business support services will be investigated.

As a general statement, the New Hampshire economy is the envy of many. We are still a very attractive area for businesses and individuals seeking to expand or relocate. The primary economic issues facing the state at this point in time are how to sustain our strong economy while retaining the quality of life that makes New Hampshire such an attractive place to live, work, and raise a family.

## APPENDIX

**Table 4: NH Leading 2-Digit Industries**[illegible]

services	0.8 8	-7.4%	27,767	20.7%	\$24,719	9.9%	1.07	-1.7%	1,969	24.7%
59 Miscellaneous retail	1.45	4.5%	17,530	11.5%	\$16,693	7.6%	1.07	-0.5%	2,156	-0.1%
58 Eating and drinking places	0.95	0.8%	31,757	12.9%	\$ 9,632	6.7%	1.07	-1.7%	2,231	5.5%
17 Special trade contractors	0.82	3.1%	11,664	20.1%	\$28,287	14.7%	1.02	5.5%	2,380	9.1%
82 Educational services	1.56	-3.8%	14,898	5.7%	\$21,161	13.0%	1.05	1.9%	346	6.1%
65 Real estate	0.79	10.3%	5,115	19.1%	\$24,096	21.1%	1.03	10.4%	1,192	16.3%
35 Industrial machinery and equipment	1.56	-9.0%	13,612	-2.4%	\$35,732	10.0%	1.00	1.3%	396	0.3%
34 Fabricated metals	1.09	4.4%	7,317	12.6%	\$30,536	14.8%	0.99	7.0%	215	3.4%
55 Auto dealers and service stations	1.12	-2.0%	11,344	10.6%	\$25,272	14.5%	1.08	1.2%	1,059	-0.0%
83 Social services	1.32	13.0%	13,863	33.5%	\$13,895	-0.0%	0.98	-10.8%	1,115	14.2%

Source: New Hampshire Industry Group, UNH, 1998.

**Table 5: NH  
Leading 4-Digit  
Industries**

	1995 Location Quotient	% Change Location Quotient	Number employees	% Change Number employees	Nominal Average Pay Wages	% change Nominal Wages	Wage Index	% Change Wage Index	Number of Estab.	% change Number of Estab.
7372 Prepackaged software	1.42	109%	1,069	246%	\$61,955	4%	1.00	-17%	68	55%
3499 Fabricated metal prod., nec	1.31	168%	491	219%	\$36,503	17%	1.29	8%	17	13%
3679 Electronic components,nec	3.20	69%	2,918	122%	\$39,098	28%	1.16	11%	52	33%
8741 Management services	1.24	50%	1,790	50%	\$48,675	45%	1.54	42%	122	26%
8731 Comm. physical research	1.55	54%	1,265	64%	\$55,300	30%	1.11	15%	42	2%
3554 Paper industries mach	9.26	-8%	783	-3%	\$39,810	10%	0.98	-4%	10	25%

3821 Lab apparatus and furn	6.45	85%	472	74%	\$35,019	-19%	0.97	-23%	5	0%
3672 Printed circuit boards	6.32	-1%	2,313	12%	\$34,023	24%	1.13	5%	35	0%
3569 General indust. mach.,nec	6.42	19%	1,337	10%	\$37,307	1%	1.07	-20%	8	0%
7371 Computer program serv.	1.25	26%	1,795	75%	\$49,144	-5%	0.94	-19%	241	66%
3444 Sheet metal work	1.81	41%	963	68%	\$36,063	26%	1.23	19%	43	10%
3825 Instruments to meas. electr	7.14	-4%	2,064	-9%	\$33,746	15%	0.74	-8%	21	0%

Source: New Hampshire Industry Group, UNH, 1998.

<b>TABLE 6: NH EXPORTS AND THE LEADING INDUSTRIES</b>				
SIC INDUSTRY DESCRIPTION		1996 Value	Percent of Total Export	Growth 1993-1996
35	Industrial Machinery	\$501,562,553	35.0%	10%
36	Electronics	\$218,322,434	15.2%	33%
38	Instruments	\$130,370,868	9.1%	9%
31	Leather And Leather Products	\$86,725,422	6.1%	19%
34	Fabricated Metal Products	\$79,177,714	5.5%	22%
37	Transportation Equipment	\$68,341,720	4.8%	16%
30	Rubber And Miscellaneous Plastics Products	\$62,475,748	4.4%	44%
28	Chemicals And Allied Products	\$45,399,855	3.2%	-6%
24	Lumber And Wood Products, Except Furniture	\$37,034,609	2.6%	-3%
26	Paper And Allied Products	\$33,269,225	2.3%	15%
33	Primary Metal Products	\$30,836,233	2.2%	17%
32	Stone, Clay, Glass, & Concrete Products	\$30,437,382	2.1%	8%
22	Textile Mill Products	\$19,777,213	1.4%	16%
09	Fish, Fresh Or Chilled, And Other Marine Prod	\$19,063,794	1.3%	155%
02	Livestock And Livestock Products	\$18,915,746	1.3%	18%
39	Miscellaneous Manufactured Commodities	\$13,777,706	1.0%	11%
23	Apparel And Related Products	\$13,774,602	1.0%	-7%
27	Printing, Publishing, And Allied Products	\$10,662,780	0.7%	33%
20	Food And Kindred Products	\$8,724,277	0.6%	17%

25	Furniture And Fixtures	\$2,005,491	0.1%	46%
29	Petroleum Refining And Related Products	\$1,901,156	0.1%	-15%
14	Nonmetallic Minerals, Except Fuels	\$557,709	0.0%	-10%
01	Agricultural Products	\$144,662	0.0%	-10%
10	Metallic Ores And Concentrates	\$56,667	0.0%	491%
08	Forestry Products	\$28,119	0.0%	NA
13	Crude Petroleum And Natural Gas	\$10,489	0.0%	-32%
	TOTAL	\$1,433,354,174		
	LEADING INDUSTRY TOTAL	\$929,433,569		64.8%

*Source: Bureau of the Census, Foreign Trade Division, Unpublished Data*

**Table  
7:  
New  
Hampshire  
Total  
Employment  
- Top  
20  
Occupations**

	Rank Occupation Title	Total 1994 Employment	Projected 2005 Employ.	1994- 2005 Total Growth	2005 % of Total Employment in NH	1996 Median Wage
1	Salespersons, Retail	19,867	23,669	3,802	3.92%	\$ 6.32
2	General Managers & Top Executive	15,802	18,526	2,724	3.11%	\$34.70
3	Cashiers	15,483	18,363	2,880	3.05%	\$ 6.05
4	Secretaries, Ex. Legal & Medica	11,484	12,566	1,082	2.26%	\$10.50
5	Marketing & Sales, Supervisors	11,186	13,464	2,278	2.20%	\$16.20
6	Registered Nurses	10,010	12,404	2,394	1.97%	\$16.90
7	General Office Clerks	9,769	10,588	819	1.93%	\$ 8.51
8	Bookkeeping, Accting, Audit Clerks	9,347	8,660	-687	1.84%	\$10.38
9	Waiters & Waitresses	9,267	11,706	2,439	1.83%	\$ 2.20
10	Stock Clerks, Sales Floor	8,488	8,944	456	1.67%	\$ 6.78
11	Janitors & Cleaners	7,988	9,277	1,289	1.57%	\$ 6.70
12	Fast Food Prep & Service Worker	7,594	8,170	576	1.50%	\$ 5.65
13	Financial Managers	6,807	7,684	877	1.34%	\$22.50
14	All Other Assemblers & Fabricat	6,084	6,380	296	1.20%	\$10.56
15	Teachers, Elementary	6,024	6,266	242	1.19%	NA
16	Truck Drivers, Heavy	6,023	7,022	999	1.19%	\$11.00
17	Carpenters	5,810	6,359	549	1.15%	\$11.79
18	Nursing Aides & Orderlies	5,801	6,987	1,186	1.14%	\$ 8.76
19	Food Preparation Workers	5,724	6,569	845	1.13%	\$ 6.88
20	Clerical Supervisors	5,628	6,842	1,214	1.11%	\$15.35

*Source: NH Department of Employment Security, 1997.*

**Table  
8:  
New  
Hampshire's  
Fastest  
Growing  
Occupations**

Rank Occupation Title		1994-2005 Total Growth	Annual Growth Rate	1996 Median Wage
1	Computer Engineers	1,350	3.47%	\$27.02
2	Systems Analysts	1,163	5.37%	\$21.16
3	Home Health Aides	785	3.54%	\$ 8.10
4	Heat, A/C, Refrig Mechanics	512	3.37%	\$12.25
5	Correction Officers	508	4.39%	NA
6	Personal & Home Care Aides	478	4.85%	\$ 5.50
7	All Other Health Service Workers	475	3.69%	\$ 7.63
8	Dental Assistants	385	3.37%	\$11.79
9	Dental Hygienists	363	3.41%	\$20.56
10	Data Processing Equipment Repair	347	3.39%	\$12.26
11	Paralegals	290	3.78%	\$16.17
12	Physical Therapists	250	3.79%	\$21.55
13	Medical Assistants	243	3.55%	\$ 9.22
14	Occupational Therapists	194	3.99%	\$19.85
15	Computer Support Specialists	192	5.87%	\$14.75
16	All Other Computer Scientists	174	5.31%	\$24.24
17	Medical Records Technicians	156	3.82%	\$ 8.24
18	Respiratory Therapists	107	3.59%	\$15.74
19	Physical & Corrcr Therapy Assista	102	4.09%	\$12.34
20	Database Administrators	91	5.37%	\$21.22

Source: NH Department of Employment Security, 1997.

Table 9: County  
Population,  
Income and  
Employment  
Data

[illegible]

Employment Growth (92-96)	15.42%	15.96%	8.87%	1.69%	7.71%	10.38%	12.05%	21.42%	10.40%	15.01%
Unemployment (March 1998)	3.5%	3.7%	4.2%	5.2%	2.9%	2.8%	3.0%	3.8%	3.0%	3.3%
<i>Source: NH Department of Employment Security.</i>										

**Table 10:  
County  
Population,  
Income and  
Employment  
Rankings**

	Belknap	Carroll	Cheshire	Coos	Grafton	Hillsboro	Merrimack	Rockingham	Strafford	Sullivan
Population 1995	7	9	6	10	5	1	3	2	4	8
Population Growth (92-95):	2	3	9	10	5	4	7	1	8	6
Per Capita Personal Income ('95)	6	4	7	10	5	2	3	1	9	8
Per Capita PI Growth (92-95)	1	7	8	9	4	6	2	10	3	5
Employment 1996	7	8	6	10	4	1	3	2	5	9
Employment Growth (92-96):	3	2	8	10	9	7	5	1	6	4
Unemployment Rate	5	6	8	9	2	1	3	7	3	4

*Source: NH Department of Employment Security.*

### Table 11: Leading Industries in NH Counties

[illegible]



Eating and drinking establishments	y	y	y		y	y			y		6
Special trade contractors	y				y						2
Educational services			y			y					2
Real estate											0
Industrial machinery	y	y		y	y	y		y	y		7
Fabricated metals											0
Automotive dealers and service stations											0
Social services											0
Leading Industries in Common w/ State	10	7	6	6	6	5	4	4	4	2	

*Note: The table indicates which top-15 NH industries are in the top 10 in individual counties*